

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 58th LEGISLATURE - REGULAR SESSION

COMMITTEE ON BUSINESS AND LABOR

Call to Order: By **CHAIRMAN JOE MCKENNEY**, on January 31, 2003 at 8:00 A.M., in Room 472 Capitol.

ROLL CALL

Members Present:

Rep. Joe McKenney, Chairman (R)
Rep. Jim Keane, Vice Chairman (D)
Rep. Donald Steinbeisser, Vice Chairman (R)
Rep. Bob Bergren (D)
Rep. Rod Bitney (R)
Rep. Sylvia Bookout-Reinicke (R)
Rep. Nancy Fritz (D)
Rep. Dave Gallik (D)
Rep. Kathleen Galvin-Halcro (D)
Rep. Ray Hawk (R)
Rep. Bob Lawson (R)
Rep. Rick Maedje (R)
Rep. Gary Matthews (D)
Rep. Scott Mendenhall (R)
Rep. Penny Morgan (R)
Rep. Allen Rome (R)
Rep. Sandy Weiss (D)
Rep. Bill Wilson (D)

Members Excused: None.

Members Absent: None.

Staff Present: Bart Campbell, Legislative Branch
Pamela Schindler, Committee Secretary

Please Note. These are summary minutes. Testimony and discussion are paraphrased and condensed. The time stamp for these minutes appears at the end of the content it refers to.

Committee Business Summary:

Hearing & Date Posted: HB 434, HB 384, 1/27/2003
Executive Action: HB 186, Do Pass As Amended

HEARING ON HB 434

Sponsor: REP. WANZENREID, HD 68, Missoula, Montana

Opening Statement by Sponsor:

REP. WANZENREID stated that this is an act to transfer \$93 million from the reserve of the State Compensation Fund to the General Fund. This is a one-time "deal," not a long-term solution. Among the points that REP. WANZENREID stated would be covered were: opponents may say this would trigger a premium increase, there will not be sufficient funds to provide a cushion, how much of a cushion is required, unrestricted assets, reserves, risks, the advantages of a simple majority vote being required and that the Committee/Legislature should consider all proposals.

EXHIBIT (buh21a01)

EXHIBIT (buh21a02)

EXHIBIT (buh21a03)

EXHIBIT (buh21a04)

{Tape: 1; Side: A; Approx. Time Counter: 0 - 166}

Proponents' Testimony:

SEN. TESTER, SD 45, Big Sandy, Montana, stated to the Committee that "options" are what need to be looked at this Legislative Session and this is one of them. He testified that "scare tactics" will be used relative to the premium increases. He stated the Trust Fund is very well leveraged. He also made the point of a simple majority is needed and that the taxpayers of Montana do not want tax increases.

{Tape: 1; Side: A; Approx. Time Counter: 166 - 200}

Gene Fenderson, Montana Progressive Taxpayers Labor Caucus, stated that this state needs long-term solutions, and this is money that will not be taxed or will raise taxes.

{Tape: 1; Side: A; Approx. Time Counter: 200 - 232}

Don Judge, Teamster's Local 190, some of the points that he made were: this is about borrowing money, it will be paid back with interest when the economy turns around, it doesn't impact the General Fund revenue as the Coal Fund Tax would do, and it needs only a simple majority and does not jeopardize other funds.

{Tape: 1; Side: A; Approx. Time Counter: 232 - 313}

Chris Christiaens, Montana Chapter of National Association of Social Workers, testified that the Committee needs to look at the huge shortfall in human services and the human toll it is taking on those who provide those services. Among the programs that are affected are: Casey Foundation, Mental Health services in which over 200 social workers being given notice.

{Tape: 1; Side: A; Approx. Time Counter: 313 - 362}

Frank Cardiello, Clinical/Specialist-Psychiatric Care, informed the Committee that he has numerous patients who are very concerned about their services being cut and he asked the Committee to be creative in their attempts to solve this problem.

{Tape: 1; Side: A; Approx. Time Counter: 362 - 383}

Mary Caferro, Working for Equality and Economic Liberation, (WEEL), stated to the Committee that the key to health care in Montana is money; and if a person does not have money, they cannot access health care. **Ms. Caferro** gave examples of cuts to "MAIMI" which is a program for high-risk pregnancies and also give examples of cuts to senior care.

{Tape: 1; Side: A; Approx. Time Counter: 383 - 434}

Al Davis, Montana Mental Health, informed the Committee that a recent study reported that one in five young people are affected by mental health problems. Mr. Davis supported this bill.

{Tape: 1; Side: A; Approx. Time Counter: 434 - 457}

Opponents' Testimony:

Tom Clark, Independent Insurance Agent, Miles City, Montana, opposed this bill due to history; "those that forget the past are doomed to repeat it." A history of the State Fund at Worker's Compensation was then given to the Committee by the testifier.

Mr. Clark testified to the problems, scandals and what had to be done to "fix" the State Fund.

{Tape: 1; Side: A; Approx. Time Counter: 457 - 500}

{Tape: 1; Side: B; Approx. Time Counter: 0 - 92}

Web Brown, Montana Chamber of Commerce, stated that he pays into the fund as a logger. He spoke about the "huge" amount of money, where it would be going. He also spoke about meetings that are

held each month to scrutinize the fund by actuaries, their recommendations and ratings which are crucial to the solvency of the fund. **Mr. Brown** opposed this bill.

{Tape: 1; Side: B; Approx. Time Counter: 92 - 132}

Mark Barry, Montana State Fund, opposed this bill for the reasons of the weakening impact and legal ramifications on this fund if this bill would pass. He stated that 26,000 businesses are insured, 84% pay less than \$5,000, with 50% of policy holders paying less than \$1,000. These are small business owners. He further made statements regarding policy values, surpluses, the requirement to pay back the money and the interest rate at which it would be paid. He also had concerns about the amount of money being lost during the time the money was "borrowed."

{Tape: 1; Side: B; Approx. Time Counter: 132 - 242}

Brad Griffin, Montana Retail, Restaurant and Tire Dealer's Association and Montana Equipment Association, represents approximately 150 businesses enrolled in the State Fund, with a combined premium of \$1.25 million. He stated that claims paying is much improved, premium levels are stable. He urged the Committee to table this bill.

{Tape: 1; Side: B; Approx. Time Counter: 242 - 262}

Tom Daniel, Daniel Insurance Company, Butte, Montana, informed the Committee that the State Fund is now operating like a private company, and that it is very stable and asked why they would want to "stop it now." He stated that State law mandate companies carry the insurance. He opposed this bill.

{Tape: 1; Side: B; Approx. Time Counter: 262 - 309}

Charles Brooks, Billings Chamber of Commerce, testified that this money could be used in "Natural Resources or DPHHS."

{Tape: 1; Side: B; Approx. Time Counter: 309 - 327}

Riley Johnson, National Federation of Independent Businesses opposed this bill.

{Tape: 1; Side: B; Approx. Time Counter: 327 - 331}

Byron Roberts, Montana Building Industries, testified to the Committee that the building industry played a large role in the restructuring of the State Fund. He further stated that

businesses paid premiums for insurance and not to pay for State General Fund deficits.

{Tape: 1; Side: B; Approx. Time Counter: 331 - 345}

Keith Olson, Montana Logging Association, stated that since 1983 the problems with the State Fund has been resolved and his organization does not want the State Fund to go back to where it was. "Worker's Comp" is a contract between employers and employees.

{Tape: 1; Side: B; Approx. Time Counter: 331 - 404}

Jacqueline Lenmark, American Insurance Association and American Council of Life Insurers, remarked to the Committee that the State Fund is a governmental entity that was created for an important public purpose. She is concerned that there may be a legal challenge regarding this bill. She referred to Section 1 of the MCA: "the money collected by the State Fund may not be used for any other purpose." Her organizations oppose this bill.

{Tape: 1; Side: B; Approx. Time Counter: 404 - 500}

Dan Broyles, Yellowstone County Businesses, testified that he had met with many businesses; almost everyone has expressed concerns about this legislation.

{Tape: 2; Side: A; Approx. Time Counter: 0 - 30}

Informational Testimony: None

Questions from Committee Members and Responses:

There was extensive questioning by **REP'S. BOOKOUT-REINEKE, WANZENREID, MATTHEWS, GALLIK, BERGREN, KEANE, MENDENHALL, RICE-FRITZ, and BITNEY** to the sponsor, and both the proponents and opponents who testified on this bill. Issues addressed included: if the loan would be guaranteed to be paid back and the interest rate applied to the loan, premium rate increases, S & P ratings index for the fund, investment income derived from the fund etc.

{Tape: 2; Side: A; Approx. Time Counter: 0 - 500}

Closing by Sponsor:

REP. WANZENREID closed the hearing on his bill by saying that the Committee needed to apply the same level of concern to this

"idea" as to the proposals. This is not a long term solution, but one that could work.

{Tape: 2; Side: B; Approx. Time Counter: 0 - 69}

HEARING ON HB 384

Sponsor: REP. MCKENNEY, HD49, Great Falls, Montana

Opening Statement by Sponsor:

REP. MCKENNEY testified to the Committee that this is a bill proposing a demonstration project offering a "limited benefit health insurance plan" to the uninsured. Previously, **REP.**

MCKENNEY was on an interim study committee which found that approximately 18.5% Montanans are uninsured. There are many reasons for this: aging population, new technologies, high costs of new drugs, cost shifting, low wages, small businesses and many others. That committee made 3 recommendations: expand CHIP health program, joining a multi-state prescription drug purchasing pool and finally, offer tax credits for individuals and small businesses to offer health insurance. This bill would allow a limited benefit plan with a low cost to "bridge the gap" of the uninsured.

{Tape: 2; Side: B; Approx. Time Counter: 69 - 124}

Proponents' Testimony:

Patrick Aberle, NewWest Health Services, stated to the Committee that Montana is among many states that is in a health care crisis. This is not a panacea, but helps to "bridge the gap" to provide access to routine preventative and ongoing maintenance care.

EXHIBIT (buh21a05)

{Tape: 2; Side: B; Approx. Time Counter: 124 - 158}

Colleen Senterfitt, NewWest Health Services, gave the Committee an overview of what would be provided with this project. This would be an insurance for uninsured residents under the age of 65, without consideration for pre-existing conditions. Also offered would be unlimited private office days, primary and specialist care by participating providers in our network, basic lab and x-ray services. There would be mammograms, pap smears, generic prescriptions, well-baby care, immunizations, mental health care that is equal to the best policy we have. That is

compliant with the existing laws regarding mental health, outpatient physical therapy, pulmonary and cardiac therapy, occupational and speech therapy. This plan would have no limitations as to medical visit limits, deductibles, waiting lists.

These services can be provided at about a 75% cost savings. Currently in Montana there are two groups of people, the insured and uninsured. The only options the uninsured have for medical care is to go into debt or go without medical care.

{Tape: 2; Side: B; Approx. Time Counter: 158 - 252}

EXHIBIT (buh21a06)

EXHIBIT (buh21a07)

EXHIBIT (buh21a08)

Dr. Robert Shepard, Medical Physician, informed the Committee that 18% of his patients are uninsured. The local hospital in Helena "writes off" approximately \$2 million a year in bills that are uncollectible.

He produced a study that stated that if a person does not have medical insurance it is two-times more likely for their health to decline within two years.

EXHIBIT (buh21a09)

EXHIBIT (buh21a10)

EXHIBIT (buh21a11)

{Tape: 2; Side: B; Approx. Time Counter: 252 - 335}

Jani McCall, Deaconess Billings Clinic, informed the Committee that the amount they subsidized was over \$4 million in charity care, with the shortfall in Medicare and Medicaid reimbursements it was over \$10 million. She further stated that preventative care, disease management and diagnostic keep people out of higher, expensive levels of care.

{Tape: 2; Side: B; Approx. Time Counter: 335 - 360}

Owen Voit, Montana School Services Foundation, stated that the organization he represents administers health plans for about 152 school districts in Montana, for about 16,000 people. Many of those people have asked for a policy such as this.

{Tape: 2; Side: B; Approx. Time Counter: 360 - 371}

John Hein, Montana Primary Care Association, testified that 30-40% of patients are uninsured.

{Tape: 2; Side: B; Approx. Time Counter: 371 - 386}

Brad Griffin, Montana Retail Association, stated that his association offers a health plan to about 3,000 people in Montana through their membership. He supports this bill.

{Tape: 2; Side: B; Approx. Time Counter: 386 - 390}

Jean Branscum, Governor's Office, Health Policy Advisor, talked to the Committee about the fact that far too many of Montanans have no health coverage. She stated that Governor Martz has asked DPHHS to apply for a grant to study the uninsured and develop feasible coverage options and maintaining the level of services already in place.

{Tape: 2; Side: B; Approx. Time Counter: 390 - 445}

Don Allen, Montana Association of Insurance Advisors, and his association support this bill. This would help "bridge the gap" and is an excellent idea. **Mr. Allen** also informed the Committee that **Barry "Spook" Stang** was unable to be here but the **Montana Truckers Association** also supported this bill.

{Tape: 2; Side: B; Approx. Time Counter: 445 - 485}

Web Brown, Montana Chamber of Commerce, and his association support this bill.

{Tape: 2; Side: B; Approx. Time Counter: 485 - 500}

Riley Johnson, National Federation of Independent Business, informed the Committee that in his experience there are workers that cannot pay the high premiums for insurance. He then related a personal story regarding his own health. He then related a story about the actions of the Legislature in 1993.

{Tape: 3; Side: A; Approx. Time Counter: 0 - 43}

Frank Cote, Blue Cross-Blue Shield of Montana and Health Insurance of America, and his organizations support "this innovative approach to help the uninsured."

{Tape: 3; Side: A; Approx. Time Counter: 43 - 58}

Claudia Clifford, Montana State Auditor's Office, informed the Committee that the Commissioner has no problems with this bill provided that some amendments are looked into. The issues addressed by the amendments would be: clarifies that this is a "pilot program," more latitude in the licensing, time limits, not be an in-patient program, limitations in policies and that the policy could be cancelled at any time and whether the insured would be eligible for any other programs.

EXHIBIT (buh21a12)

{Tape: 3; Side: A; Approx. Time Counter: 58 - 106}

Opponents' Testimony:

Charlie McCarthy, Mental Health Association, stated that he wasn't necessarily opposed to this, however he was "confused" about the mental health coverage and needed clarification. He continued to say that it was his understanding that NewWest Health Services was not going to be the only provider of this insurance.

{Tape: 3; Side: A; Approx. Time Counter: 106 - 152}

Informational Testimony:

Denise Pizzini, NewWest Health Services, wanted to provide additional information to the Committee. HB 384 gives some relief from health insurance mandates. She further explained about mental health parity, what is exempted and what is approved with this plan.

{Tape: 3; Side: A; Approx. Time Counter: 152 - 195}

Questions from Committee Members and Responses:

In the questioning by members of the Committee, **REPS. LAWSON, WEISS AND GALLIK** asked about the issues regarding inpatient hospital coverage, emergency room coverage, amount of participants in the project, where they are from, if participants can see the doctors they want, mental health services and the exclusions, limitations and all that entails and finally premium costs for participants.

{Tape: 3; Side: A; Approx. Time Counter: 195 - 467}

Closing by Sponsor:

REP. MCKENNEY closed the hearing on HB 384 by saying that this bill would help the uninsured of Montana and there are no General Fund monies are involved.

{Tape: 3; Side: A; Approx. Time Counter: 467 - 500}

EXECUTIVE ACTION ON HB 186

Motion: **REP. MATTHEWS** moved that **HB 186 DO PASS.**

Motion: **REP. MATTHEWS** moved that **HB 186 BE AMENDED.**

EXHIBIT (buh21a13)

Discussion:

Bart Campbell, Legislative Staffer explained the amendments. He referred to page 2 lines 16-18. **REP. MATTHEWS** stated that this is about "compromise" regarding the auto dealers involved. **REP. MORGAN** inquired whether the auto dealers had been spoken to with **REP. MATTHEWS** responding, "Yes."

Vote: Motion carried unanimously. (voice vote)

Motion: **REP. MATTHEWS** moved that **HB 186 DO PASS AS AMENDED.**

Discussion:

REP. GALLIK spoke about section 1 and sub-section 2 with regard to legislative intent. He referred to the Department's ability to pull the bond or the plates upon notification of garage liability insurance had lapsed. He queried, "Notification by whom?" **REP. MATTHEWS** responded by saying that very few people let the bond/insurance lapse and they can still do business for 30 days and then they can get reinsured quickly.

Vote: Motion-- carried unanimously.
(voice vote)

{Tape: 3; Side: B; Approx. Time Counter: 0 - 98}

ADJOURNMENT

Adjournment: 11:05 A.M.

REP. JOE MCKENNEY, Chairman

PAMELA SCHINDLER, Secretary

JM/PS

EXHIBIT (buh21aad)